# Creating a Stormwater Utility Fee



# Stormwater Utility Fee Options and Implementation

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### Outline

- Why is Stormwater Funding Needed?
- Grimes Stormwater Expenses
- Funding Methods
- Stormwater Utility Fee Options
- Implementation
- Considerations
- Grimes Data
- Next Steps



# Why is Stormwater Funding Needed?

- No Existing Utility Fund Specifically for Stormwater
  - General Fund Allocations
  - General Obligation Bonds
  - Revenue Bonds (Assessments)
  - Road Use Tax (RUT)
- Shared Funding Source with Other Projects



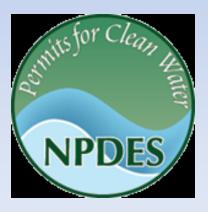
# What is Funding Used For?

- Capital Improvement Projects
  - Bridges & Culverts
  - Channel Improvements
  - Replace Aging Infrastructure
  - Utility Expansion
- Floodplain Management
- Inspection & Maintenance
- Inventory & Mapping



# What is Funding Used For?

- NPDES MS4 Permit
  - Stormwater Programs & Ordinances
  - Public Outreach and Education
  - Water Quality & Monitoring
  - Master Planning
  - Watershed Management





# **Grimes Stormwater Expenses**

| Activity                                  | Cost/Year |
|---|-----------|
|   |           |
| Engineering/ NPDES Permit Admin           | \$86,000  |
|   |           |
|   |           |
|   |           |
| Storm Infractructure Capital Improvements | \$332,000 |
| Storm Infrastructure Capital Improvements | \$352,000 |
|   |           |
|   |           |
| 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1   | ¢222.000  |
| Channel Improvements (15-yr Program)      | \$332,000 |
|   |           |
|   |           |
|   |           |
| Inspection & Maintenance Plan             | \$30,000  |

Annual Total:

\$780,000

**FOX** engineering

### **Funding Methods**

#### Tax Increase

- Tax exempt properties, no contribution
- Increase General Fund
- Variability and underfunding potential
- Assessed property values not relative to stormwater utility use
- Attorney said State law doesn't allow tax increase for stormwater



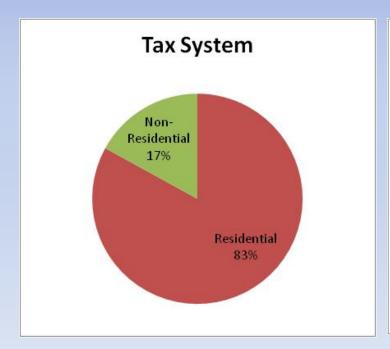
### **Funding Methods**

- Stormwater Utility Fee
  - Most equitable method for stormwater program revenue
  - Stable funding source
  - -Stormwater program flexibility
  - Iowa Code Section 384.84 allows stormwater utility



# **Funding Methods**

Fee Distribution Comparison







# Stormwater Utility Fee Options

- Flat Fee
- Variable Fee
- Equivalent Residential Unit (ERU)
  - % Impervious Area
- Area or Hybrid



### Flat Fee

- Simple Fee Structure
- Same Fee (\$/mo.) All Addresses
- Zoning Not Important
- Example:
  - \$4.00/mo. (Everyone)



### Variable Fee

Fee (\$/mo.) Based on Zoning

#### • Example:

- \$4.00/mo. Single Family
- \$2.00/mo. Multi-Family
- \$7.00/mo. Commercial
- \$9.00/mo. Industrial
- \$6.00/mo. Other



### Equivalent Residential Unit (ERU)

- ERU= Mean Impervious Area (Single Family)
- Fee (\$/ERU)
- All Single Family Residential = 1 ERU
- Multi-Family Residential= (1/x) ERU
- Other Zones= Impervious Area/ERU
- Evaluate Impervious, All Non-Residential
  - Aerial Photos
  - Assessor Records
  - Site Visits



## Equivalent Residential Unit (ERU)

#### Example:

- 1 ERU= 3,000 sq.ft., \$4.00/ERU
- All Single Family Pay 1 ERU, \$4.00/mo.
- Multi-Family Pay (1/2) ERU, \$2.00/mo.
- Other Zone Pays 9,000 sq.ft./3,000 sq.ft 3 ERUs, \$12.00/mo.



# Area or Hybrid

- Property Area
  - Total Lot Size
  - Impervious and Pervious Areas
- Hybrid Approach
  - Combination of Methods



Iowa Stormwater Utility Fee Rates (\$/mo.)

| lowa Stormwater Utility |                   |             |                    |                    | 0.1                |
|-------------------------|-------------------|-------------|--------------------|--------------------|--------------------|
| <u>City</u>             | <u>Population</u> | Residential | <u>Commercial</u>  | <u>Industrial</u>  | <u>Other</u>       |
| Slater                  | 1,306             | \$3.00      | \$6.00             | \$6.00             | \$3.00             |
| State Center            | 1,351             | \$3.00      | \$6.00             | \$10.00            | \$6.00             |
| Adel                    | 4,563             | \$3.00/ERU  | \$3.00/ERU         | \$3.00/ERU         | \$3.00/ERU         |
| Windsor Heights         | 4,667             | \$4.25/ERU  | \$30 to \$340      | \$30 to \$340      | \$30 to \$340      |
| Norwalk                 | 8,821             | \$7.50      | \$7.50             | \$7.50             | \$7.50             |
| Perry                   | 9,850             | \$3.00/ERU  | \$3.00/ERU         | \$3.00/ERU         | \$3.00/ERU         |
| Waukee                  | 11,000            | \$4.25/ERU  | \$4.25/ERU         | \$4.25/ERU         | \$4.25/ERU         |
| Indianola               | 14,393            | \$2.00/ERU  | \$2.00/ERU         | \$2.00/ERU         | \$2.00/ERU         |
| Clive                   | 15,000            | \$4.15/ERU  | \$4.15/ERU         | \$4.15/ERU         | \$4.15/ERU         |
| Boone                   | 26,349            | \$2.00/ERU  | \$2.00/ERU         | \$2.00/ERU         | \$2.00/ERU         |
| Ankeny                  | 35,131            | \$4.00/ERU  | \$3.00/ERU         | \$3.00/ERU         | \$3.00/ERU         |
| Urbandale               | 38,400            | \$1.75/ERU  | \$1.75/ERU         | \$1.75/ERU         | \$1.75/ERU         |
| Ames                    | 50,000            | \$3.00      | \$3.00             | \$3.00             | \$3.00             |
| West Des Moines         | 56,503            | \$4.25/ERU  | \$4.25/ERU         | \$4.25/ERU         | \$4.25/ERU         |
| Des Moines              | 198,460           | \$8.50/ERU  | \$8.50/ERU         | \$8.50/ERU         | \$8.50/ERU         |
| Cedar Rapids            | 128,056           | \$3.95      | \$3.95             | \$3.95             | \$3.95             |
| Iowa City               | 67,831            | \$2.00/ERU  | \$2.00+ \$0.75/ERU | \$2.00+ \$0.75/ERU | \$2.00+ \$0.75/ERU |
| Coralville              | 17,269            | \$2.00      | \$2.00+ \$0.75/ERU | \$2.00+ \$0.75/ERU | \$2.00+ \$0.75/ERU |
| Carroll                 | 20,926            | \$3.00      | \$3.00             | \$3.00             | \$10 to \$25       |
| Algona                  | 5,741             | \$2.50      | \$7.50             | \$12.50            | \$7.50             |
| DeWitt                  | 5,049             | \$2.50      | \$6.00             | \$11.00            | \$6.00             |
| Davenport               | 98,359            | \$1.60/ERU  | \$1.60/ERU         | \$1.60/ERU         | \$1.60/ERU         |
| Bettendorf              | 32,455            | \$1.50/ERU  | \$1.50/ERU         | \$1.50/ERU         | \$1.50/ERU         |
| Burlington              | 26,464            | \$2.00      | \$10.00            | \$10.00            | \$10.00            |
| Dubuque                 | 57,686            | \$4.00/ERU  | \$4.00/ERU         | \$4.00/ERU         | \$4.00/ERU         |
| Forest City             | 4,500             | \$5.00      | \$8.30             | \$8.30             | \$8.30             |
| Fort Dodge              | 26,309            | \$3.00      | \$9.00             | \$9.00             | \$9.00             |
| Hiawatha                | 6,694             | \$1.00      | \$1.50             | \$1.50             | \$1.50             |
| Buffalo                 | 1,321             | \$2.00      | \$2.00             | \$2.00             | \$2.00             |
| Marion                  | 32,000            | \$3.50      | \$3.50             | \$3.50             | \$3.50             |
| Guttenberg              | 1,987             | \$1.50      | \$1.50             | \$1.50             | \$1.50             |
| Storm Lake              | 10,076            | \$2.00      | \$2.00             | \$2.00             | \$2.00             |
| Johnston                | N/A               |             |                    |                    |                    |
| Polk City               | N/A               |             |                    |                    |                    |
| Altoona                 | N/A               |             |                    |                    |                    |



### Implementation

- Justify and Document Budget Needs
- Select Utility Fee Program Structure
- Determine Rates
  - Anticipated Expenses
- Develop Ordinance
- Billing and Database
- Quality Assurance
- Public Education





### Considerations

- Citizen Questions and Complaints
- Credits and Rebates
- Project Cost Sharing
- Rate Increases





### Other Considerations

- Managing farms
- Managing empty or vacant lots
- Managing multi-tenant businesses









### **Grimes Data**

- 4,249 Addresses (2010)
- Grimes Land Use (Area)
  - 43.5% Residential
  - 14.5% Commercial
  - 25.6% Industrial
  - 16.4% Other
- Annual Stormwater Expenses:
  - Estimated \$780,000



### **Grimes Data**

- Flat Fee
  - \$15/mo. per property owner
- Variable Fee
  - \$9/mo. Residential
  - \$20/mo. Commercial
  - \$24/mo. Industrial
  - \$17/mo. Other
- ERU
  - \$10/ERU



### **Next Steps**

- Should Grimes initiate a Stormwater Utility Fee?
- Select Annual Funding Goal
- Choose Program Structure
- Set Utility Rates



# Questions?





